

**INSTRUCTIONAL WORKBOOK  
FOR PREPARING THE  
“REPORT ON RECEIVABLES  
DUE FROM THE PUBLIC”**

**Department of the Treasury  
Financial Management Service  
Debt Management Services  
September 2004**



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# INTRODUCTION

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## **Purpose**

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This document presents the form and instructions for the preparation and submission of the Treasury Report on Receivables Due from the Public (Receivables Report or TROR), as revised effective September 2004. This report is the Department of the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's non-tax debt portfolio, in accordance with the requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (DCIA).

**The information contained in the report is disseminated to the Congress, the Office of Management and Budget (OMB), agency Chief Financial Officers, other officials and representatives of Federal and state organizations, private sector organizations, and the public.**

## **Background**

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Treasury has been collecting data on the status of the Government's debt portfolio since the early 1980's. This Instructional Workbook was last revised in May 2004. The last major version of the Receivables Report was implemented in the second quarter of Fiscal Year 1999. For the 4<sup>th</sup> Quarter-FY 2004, FMS will be revising the form to collect additional information on the close out of debts that are not collectible. Additionally, the annual verification and certification of the Report on Receivables will be combined and due on December 15<sup>th</sup> for FY 2004 and all subsequent years.

The 1998/1999 revision was necessitated by the passage of the DCIA, which expanded Treasury's responsibilities in the area of debt management and placed new requirements on the agencies for collecting their delinquent debts. Under the DCIA, agencies are required to (1) notify Treasury of delinquent debts over 180 days old so that Treasury may offset payments to collect on legally enforceable debts and (2) transfer legally enforceable delinquent debts over 180 days old to Treasury for collection. The provisions in the DCIA made it critical that Treasury and the agencies be able to identify the steps taken to collect the Government's delinquent debts.

In addition to being revised to capture data relevant to the provisions in the DCIA, the 1998/1999 revisions also incorporated: (1) recommendations for changes in reporting made by the U.S. Government Accountability Office (formerly the General Accounting Office); (2) results of a survey of current reporting entities on usefulness of the existing data; and (3) comments and suggestions from an interagency task group assembled for the purpose of revising the report.

The TROR serves as a management report that informs Federal decision makers of the **gross book value** of the receivables owed to Federal agencies and the status of the Federal Government's debt portfolio. The figures provided in the TROR shall be reconcilable with the agency's financial statements, notwithstanding that the financial statements may reflect net present value in accordance with Credit Reform guidance.<sup>1</sup>

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<sup>1</sup>Generally, direct loans obligated and outstanding prior to October 1, 1991, are recorded as loans receivable at their outstanding principal balance reduced by an allowance for estimated uncollectible amounts. Direct loans and loan guarantees committed after September 30, 1991, are accounted for in accordance with the Statement of Federal Financial Accounting Standards No. 2, Accounting for Direct Loans and Loan Guarantees, at the net present value of their estimated net cash inflows.

**Authority**

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Department of the Treasury's Financial Management Service's (FMS) statutory authority to require information such as that found on the Receivables Report is found in the Debt Collection Improvement Act of 1996 (DCIA), Title 31, United States Code (USC), Section 3719 (as amended by the DCIA) and USC Title 31, Section 3515.

**Changes to the Report and Instructions**

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The purpose of this current revision of the Receivables Report and this Instructional Workbook is to make several minor but important revisions to the TROR reporting process. These changes will enable Treasury to capture data of greater relevancy to Congress and the Office of Management and Budget, while simultaneously reducing the reporting requirements for data that have minimal value for government-wide debt management purposes.

The annual certification and verification process for the Treasury Report on Receivables has been combined and will be due on December 15<sup>th</sup>, following the end of each fiscal year. The first combined verification/certification will be due on December 15, 2004.

On April 19, 2004, OMB issued a Memorandum to Federal Chief Financial Officers establishing new reporting requirements pursuant to the Debt Collection Improvement Act of 1996. Additionally, the Memorandum reminded all Federal agencies of their current and ongoing responsibilities under the debt collection provisions of the Debt Collection Act of 1982, as amended by the DCIA, and OMB Circular No. A-129 – *Policies for Federal Credit Programs and Non-Tax Receivables*.

As the result of this OMB guidance, FMS revised the TROR, (**in Part II – Section D, Debt Disposition**) for the 4<sup>th</sup> Quarter-FY 2004 for Federal agency's reporting of Currently Not Collectible (CNC) debts. The new information that will be required from the Federal agencies will provide FMS with current data on the write-off and close out of delinquent debts that have been identified as CNC.

Agencies will be asked to provide the number and dollar amounts of CNC debts closed out in the current and previous calendar years. In addition, agencies will be asked to provide the number and dollar amounts of closed out debts that are not reported to the Internal Revenue Service (IRS) on IRS Form 1099-C as income, due to a legal or statutory exception or for other reasons. This information will be reported in Part II, Section D, lines 3(A) - (C).

The instructions for Part II, Section B were modified to include the additional guidance for that section which was previously provided in the “**Changes to the Report**” section of the Instructional Workbook. No material changes to the guidance for Part II, Section B were made.

## **The Structure of the Report and Reporting Requirements**

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### **General**

The Receivables Report consists of three parts: I - Status of Receivables, II - Debt Management Tool and Technique Performance Data, and III - Footnotes.

The form asks for data in two columns:

- (1) **Number of Receivables:** The number should represent the actual number of debts or claims. Examples: (1) if a debtor has several separate claims, each claim should be counted individually; or (2) if a claim has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying claim is counted once.
- (2) **Dollar Amount of Receivables:** The dollar amount should represent the sum of the principal, interest and late charges associated with the receivables.

Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts of 50 to 99 cents should be rounded up to the next dollar.

Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans).

**Reporting Frequency** FMS is requesting that all Federal agencies report quarterly. Total receivables include principal, interest, and late charges.

**Reports are due to FMS by the end of the 30th day of the month following the close of each quarter (for example, 2nd quarter FY 2004 reports were due by April 30, 2004). All 4th quarter reports are due by November 15<sup>th</sup>.**

**Reporting Mechanism** All reports will be submitted to FMS via the Internet utilizing the Debt Management Information System (DMIS).

**Any agency that fails to report will be footnoted as non-reporting in all reports distributed and published for that quarter and in year-end reports.** Agency management will be held responsible for non-reporting entities.

**Verification** All 4th quarter (year-end) reports must be **verified** by the submitting agency's Chief Financial Officer (CFO) or equivalent.

Verification of the Receivables Report means that the report has been reconciled to the agency's Audited Financial Statements or in its absence to the Federal Agencies Centralized Trial-Balance System (FACTS).

Only one verification per agency is to be submitted. The verification is to be submitted by the agency CFO or equivalent.

The verification should state that **the information presented in Part I, Section A, Ending Balance line of the "Report on Receivables Due from the Public" was reviewed and is reconciled to the receivable balances in the agency's (a) Form and Content -Audited Financial Statements, i.e., the Balance Sheet and (b) FACTS.** If the report is not reconciled to the Balance Sheet and FACTS, the verification should state so, with an explanation as to why verification is not possible. Agencies should

also disclose the audit opinion of the Financial Statements or any issues regarding the pertinent accounts.

FMS acknowledges that there will be differences among the balances reported since the Receivables Report presents the gross book value of receivables as opposed to the net present value presented on the Audited Financial Statements and in FACTS.

**Note:** Report accrued interest on this report the same as it is reported in FACTS and the financial statements, up to 180 days of delinquency. If interest is accrued on debts over 180 days delinquent and is included in FACTS submissions and on the audited financial statements, report it in the TROR with a footnote.

Include in the TROR all receivables for programs that are administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

Questions concerning the verifications should be directed to:

Financial Management Service

Telephone Number: (202) 874-6660

Fax Number: (202) 874-7494

Only one verification **per agency** is to be submitted. The verification form is submitted separately from the Receivables Report itself. **Verifications are due to FMS by December 15.**

To access the system to view your agency's reports, a user ID will be issued by calling (205) 912-6205.

**Certification**

All 4<sup>th</sup> quarter (year-end) reports must also be certified by the submitting agency's CFO or equivalent. Certification means that the delinquent debt amounts reported on the Receivables Report for cross servicing and offset are correct and legally enforceable.

Only one certification per agency is to be submitted. The certification is to be submitted by the agency Chief Financial Officer or equivalent. **Certifications are due to FMS by December 15.**

Instructions for the combined verification and certification process will be issued to agencies before 4<sup>th</sup> quarter reporting.

To access the system to view your agency's reports, a user ID will be issued by calling (205) 912-6205.

**Inquiries**

Inquiries pertaining to the form or instructions should be directed to Debt Management Services, FMS:

Telephone Numbers: (202) 874-6660 or (205) 912-6200

Fax Numbers: (202) 874-7494 or (205) 912-6444

## **FORM IDENTIFICATION & PREPARER INFORMATION**

**The following pages provide instructions on how to complete this form, including how to identify the reporting entity, the type of receivable, the preparer, and the supervisor. Other general guidelines for completion of the entire Receivables Report are also included.**

**FORM IDENTIFICATION & PREPARER INFORMATION**

<b>Report on Receivables Due From the Public</b>			
Reporting Entity Code: _____	Fiscal Year: _____	Quarter: _____	
Type of Receivable: _____	Direct Loans: _____	Defaulted Guaranteed Loans: _____	Administrative: _____

<u>Agency Contact Information</u>	
Preparer's Name: _____	Telephone Number: _____
Preparer's Facsimile No.: _____	E-Mail Address: _____
Supervisor's Name: _____	Telephone Number: _____
Address: _____	E-Mail Address: _____
City: _____ State: _____	Zip Code: _____

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**FORM IDENTIFICATION**

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To complete the identification of this form:

- (1) Know the Fiscal Year and Quarter for which you are preparing the report.
- (2) Know the nine-digit Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; the remaining digits identify the entity. You will also need to preface the Reporting Entity Code by an alphabetic character to identify the type of receivable (please see 3 below).
- (3) The Type of Receivable identifier tells whether the Receivables Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans). For example, the entity "10-09-90000" may consist of both direct loans and administrative receivables; the reporting codes would be "D10-09-90000" and "A10-09-90000" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative). A **separate** report is required for each type of receivable for each entity.

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**PREPARER INFORMATION**

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Enter the preparer's name, telephone number, facsimile number, and E-mail address; the supervisor's name, telephone number and E-mail address and the preparer's street address.